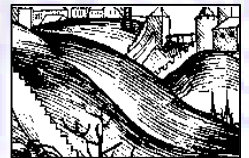


# Czech Republic

EU Member since May 2004

B u s i n e s s   a n d   T r a d e





# Czech Republic

## Key Information

- Area: 37,464 square miles (size of South Carolina)
- Population: 10.3 million
- Capital and major cities: Prague (1,2 mil.), Brno, Ostrava, Pilsen, Olomouc, Usti nad Labem
- Neighboring countries: Austria, Germany, Poland, Slovakia
- Flight distances: Frankfurt/ Germany – Prague 70 min eastwards, Vienna/ Austria – Prague 60 min westwards



# Czech Republic

## Economic Indicators

- GDP volume approx. \$ 69.5 bil., GDP per capita 62 % of EU average,  
-GDP growth 2002 +2.2 %
- PPP "purchasing power parity" reached 62 % of EU average (\$ 18,370 per capita)
- Industrial production +7.0 %, retail sales +5.0 %, construction output +6.5 %
- Inflation rate (CPI) March 2003 0.8 %
- Unemployment rate March 2003 9.0 %



# Czech Republic

## Features and Advantages

- Industrialized nation with long manufacturing tradition
- Accomplished transition of economic and political systems
- Highly skilled and educated workforce
- Member country of WTO, OECD, NATO, May 2004 EU
- Economy based fully on free market principles



# Czech Republic

## Economic Climate

- Exports and household consumption major sources of growth
- EU primary export markets
- Machinery, equipment and automotive industry top earners
- Labor productivity increases at double digit rates
- Healthy macroeconomic environment
- On-going privatization of utilities, telecommunications
- Fully private banking



# Czech Republic

## Bilateral Trade with the US

- Imports from CR – \$ 1.12 bil

Electronic components, office machines and parts, electric motors and generators, gas turbines, public transport vehicles, machine tools, industrial machinery and equipment, telecom digital equipment, turbojets and aviation components, agricultural tractors, high-end consumer products, chemicals, steel and steel products, beer

- Exports to CR – \$ 1.35 bil.

Aircraft, aviation components, office machines, electrical machinery



# Czech Republic

## Prospective EU member

- CR a prospective EU member – a part of a single market of 500 mil. consumers
- EU membership – matter of national interest, full determination of Czech authorities
- Referendum – 77 % of Czechs voted YES for EU entry
- Top priority of Czech foreign and economic policy
- Date of EU accession – May 2004



# Czech Republic

## Prospective EU member

- US companies gain the same market access and business conditions as in the EU
- Operating capital efficiency, labor market conditions, investment climate prevailing decision factor
- National market size factor no longer applicable
- Current liberalization of movement of capital exceeds the commitments to EU



# Czech Republic

## Prospective EU member

### The Lisbon Process

**In March 2000, at its Lisbon Summit the European Council approved a strategic objective for the EU:** to become, by 2010, the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion.'

**The involvement of candidate countries** in the Lisbon Process was initiated in the Strategic Document on the Enlargement of the EU, published by the European Commission on 13 November 2001

## HOW DOES IT WORK ?



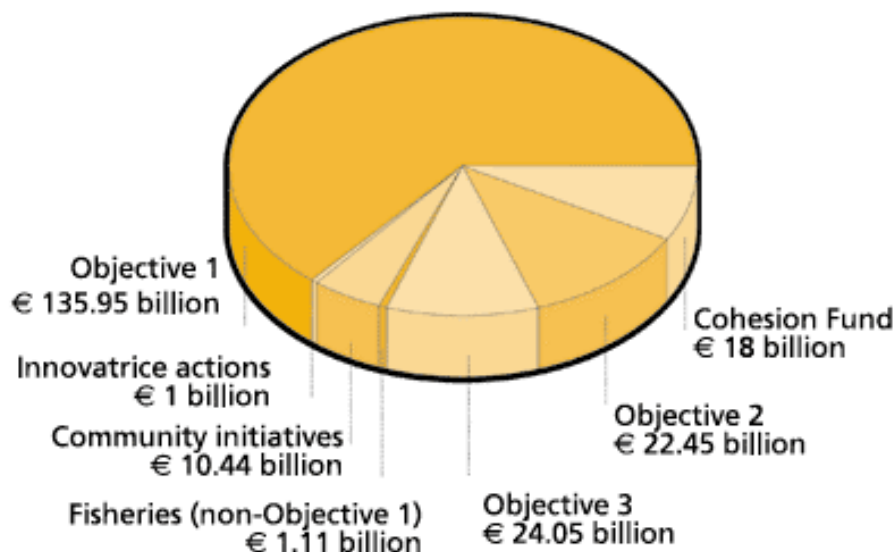
# Czech Republic

## Prospective EU member

**The European Union's regional policy is based on financial solidarity**

For the 2000-2006 period, these transfers will account for one third of the Community budget, or €213 billion:

- €195 billion will be spent by the **four Structural Funds**
- €18 billion will be spent by the **Cohesion Fund**.





# Czech Republic

## Prospective EU member

### The four Structural Funds

- **The European Regional Development Fund (ERDF)** finances infrastructure, job-creating investments, local development projects and aid for small firms.
- **The European Social Fund (ESF)** promotes the return of the unemployed and disadvantaged groups to the work force
- **The Financial Instrument for Fisheries Guidance (FIFG)** helps adapt and modernise the fishing industry.
- **The "Guidance" Section of the European Agricultural Guidance and Guarantee Fund (EAGGF - Guidance)** finances rural development measures
- **The Cohesion Fund** provides direct finance for individual projects to improve the environment and develop transport networks.

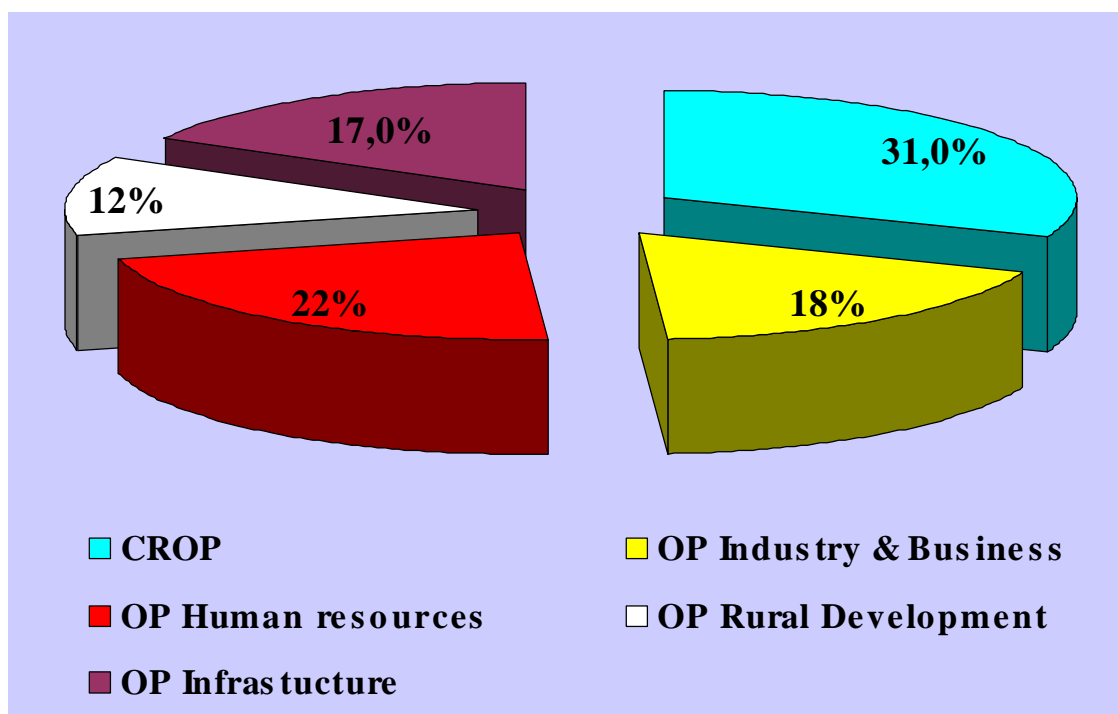
# Operational programs in the CR 2004 -06 (aim 1)

## Alocation of the sructural funds

Total alocation for the CR 1 286,4mil. EUR (41,8 mld. Kc)

Total alocation OPPP 260,8 mil. EUR (7,062 mld Kc)

Common Regional OP -	31 %
<b>OP Industry &amp; Busines -</b>	<b>18 %</b>
OP Human Resources -	22 %
OP Rural Development &	
Agriculture -	12 %
OP Infrastucture –	17%





# Czech Republic

## Useful weblinks

Ministry of Trade and Industry of the CR

[www.mpo.cz](http://www.mpo.cz)

Complete guide to do business in the CR

[www.doingbusiness.cz](http://www.doingbusiness.cz)

Database of quality products and services

[www.supplier.cz](http://www.supplier.cz)

CzechInvest / foreign investment promotion

[www.czechinvest.org](http://www.czechinvest.org)

CzechTrade / trade and export promotion

[www.czechtrade.cz](http://www.czechtrade.cz)

Tradeshows in the CR

[www.veletrhyavystavy.cz](http://www.veletrhyavystavy.cz)

U.S. Chamber of Commerce

[www.uschamber.org](http://www.uschamber.org)

CEEBIC/U.S. Department of Commerce

[www.mac.doc.gov/ceebic/](http://www.mac.doc.gov/ceebic/)

Business portal Industry CZ

[www.cz-industry.cz/](http://www.cz-industry.cz/)

Prague Stock Exchange

[www.pse.cz](http://www.pse.cz)



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